

# CDCI ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Southside Credit Union

Point of Contact:	Royce Stockton	RSSD: (For Bank Holding Companies)	2481845
UST Sequence Number:	1429	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	1,100,000	FDIC Certificate Number: (For Depository Institutions)	68193
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	917
Date Funded (first funding):	September 29, 2010	City:	San Antonio
Date Repaid <sup>1</sup> :	N/A	State:	Texas

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

The Credit Union was funded 9/29/10. Loan demand has been down but the CDCI funds allowed us to increase our consumer and business loan limits.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Many of our loans are for consumer car loans. The Credit Union was also able to fund 4 mortgage loans for \$181,445. In the first 4 months of 2011, the Credit Union funded 6 business loans for \$392,028.

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☐ Increase securities purchased (ABS, MBS, etc.).

☒ Make other investments.

Because of low loan demand, the Credit Union is looking for insured financial institutions where we can purchase loan participations or Certificates of Deposit with the excess funds.

☒ Increase reserves for non-performing assets.

The CDCI funds made it possible to increase our loan loss reserve.

☒ Reduce borrowings.

The CDCI funds enabled the Credit Union to replace higher cost brokered CDs with lower cost CDCI funds.

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☐ Increase charge-offs.

☒ Purchase another financial institution or purchase assets from another financial institution.

The Credit Union is looking for other credit unions who need to participate mortgage or other consumer loans.

☒ Held as non-leveraged increase to total capital.

The CDCI funds are secondary capital which increased our total capital and net worth.

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### What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

With the infusion of CDCI funds the Credit Union's net worth again exceeds the regulatory requirement. This allowed the Credit Union to stop further reductions in staff and therefore maintain a good level of service for our members. Replacing higher cost brokered CDs with lower cost CDCI funds has helped the Credit Union avoid increasing fees and loan rates. Before the Credit Union received the funds, we had to turn away business loan request because we had reached the regulatory limit for business loans. After receiving the CDCI funds, the Credit Union was able to accept those loan request.

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### What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

CDCI funds increased the Credit Union's net worth and as a result increased our lending limits to members for both consumer and business loans. The funds played a part in keeping fees lower for services our members need. Southside Credit Union is a low to moderate income chartered credit union. The Credit Union receives request for small consumer loans. The low cost CDCI funds enables us to make these smaller loans at affordable rates for our members. Many of our business members are small "mom and pop" businesses that have smaller loan request. These business count on the Credit Union for these loans because many of the large banks do not accept the smaller loan request. These loans are vital for small businesses in our area to keep operating and expanding especially in a troubled economy.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.